

Message Text

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PAGE 01 STATE 125002

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TO USMISSION NATO IMMEDIATE

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E.O. 11652: GDS

TAGS:PFOR, NATO

SUBJECT: COMMENT ON APAG CHAIRMAN'S DRAFT REPORT

REF: USNATO 2668

PLEASE PASS FOLLOWING MESSAGE TO KASTL FROM LORD

1. ONCE AGAIN I WOULD LIKE TO EXTEND TO YOU AND YOUR COLLEAGUES OUR APPRECIATION FOR THE SKILLFUL SUMMATION OF THE APAG MEETING. YOU HAVE IDENTIFIED AND HIGHLIGHTED THE CENTRAL THEMES OF A VERY WIDE RANGING DISCUSSION. MY ONLY GENERAL RESERVATION IS A FEELING THAT YOU COME DOWN A BIT TOO PESSIMISTICALLY ON PROSPECTS FOR DEVELOPMENT OF EAST-WEST TRADE AND ON POSSIBLE SOVIET INTEREST IN WIDER PARTICIPATION IN MULTILATERAL ECONOMIC UNDERTAKINGS; SIMILARLY, I THINK YOU ARE A BIT TOO GRUDGING ON THE BENEFITS TO THE WEST OF ECONOMIC EXCHANGES WITH THE EAST, BOTH POLITICAL AND ECONOMIC. OUR RECOLLECTION IS THAT DESPITE THE NEGATIVE FACTORS WHICH YOU HAVE LISTED, MANY OF THE PARTICIPANTS INCLUDING THE U.S. WERE LESS CATEGORIC IN THEIR ASSESSMENTS THAN THE DRAFT REPORT

CONFIDENTIAL

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PAGE 02 STATE 125002

SEEMS TO STATE.

2. THE FOLLOWING SPECIFIC COMMENTS ARE ADDRESSED TO THESE POINTS.

CONCLUSIONS

PARA 2(A), SECOND AND THIRD SENTENCES, MIGHT BE REVISED TO READ: "BUT, IN THE LONGER TERM, THE SOVIET UNION WOULD CONTINUE TO EXPERIENCE DIFFICULTIES IN INCREASING THE VOLUME OF ITS EXPORTS. SOVIET INDUSTRIAL GOODS WOULD NOT BE FULLY COMPETITIVE IN WORLD MARKETS AND CONSIDERABLE EFFORT WOULD BE REQUIRED TO INCREASE PRIMARY EXPORTS."

PARA 2(B), MIGHT BE REVISED AS FOLLOWS: "EAST AND WEST WERE NOT INTERDEPENDENT ECONOMICALLY IN ANY SENSE OF BEING ECONOMICALLY RELIANT UPON ONE ANOTHER. THERE WERE, HOWEVER, BENEFITS TO BE GAINED BY BOTH SIDES FROM INCREASED ECONOMIC INTERCHANGE. ALTHOUGH CONSTITUTING ONLY A SMALL PERCENTAGE OF OVERALL TRADE, EAST-WEST TRADE COULD PROVIDE IMPORTANT SOURCES OF JOBS AND MARKETS TO BOTH EAST AND WEST, ESPECIALLY FOR INDIVIDUAL SECTORS. SUCH TRADE WAS ALSO A HISTORIC AND NATURAL PHENOMENON, PARTICULARLY FOR THE COUNTRIES OF EUROPE. FROM THESE POINTS OF VIEW, THERE WAS A DEGREE OF INTERDEPENDENCE.

ALTHOUGH WE HAVE ONLY SUGGESTED SPECIFIC LANGUAGE FOR THE CONCLUSION, I THINK THIS POINT COULD ALSO BE EXPANDED UPON IN PARAS. 4 AND 5 IN THE BODY OF THE REPORT.

PARA 2(C), MIGHT BE ALTERED AS FOLLOWS: "ECONOMIC EXCHANGES COULD NOT OF THEMSELVES CREATE DETENTE, BUT THEY COULD CONTRIBUTE TO INCREASINGLY FAVORABLE EAST/WEST CONDITIONS. AS ECONOMIC RELATIONS DEVELOPED, THE WEB OF TIES BETWEEN EAST AND WEST WOULD BE EXPANDED, CREATING A BROADER STAKE IN FURTHER PROGRESS IN OTHER AREAS OF EAST/WEST RELATIONS. SUCH DEVELOPMENTS ACROSS A WIDE SPECTRUM OF ECONOMIC AND POLITICAL RELATIONS COULD HELP TO ESTABLISH, WITHIN THE SOVIET UNION AND OTHER EASTERN EUROPEAN COUNTRIES, INTEREST GROUPS WITH A STAKE IN

CONFIDENTIAL

PAGE 03 STATE 125002

CONTINUING THE PROCESS OF EAST/WEST DETENTE."

AGAIN, I THINK THIS POINT ALSO COULD BE EXPANDED UPON IN PARAS 8 OR 9 IN THE BODY OF THE REPORT.

- PARA 2(E), FIRST SENTENCE. MIGHT BE REVISED TO READ: "IT WAS NOT YET CLEAR WHETHER THE SOVIET UNION WOULD SEEK SUBSTANTIALLY GREATER PARTICIPATION IN

INTERNATIONAL ECONOMIC ORGANIZATIONS IN THE IMMEDIATE FUTURE."

THE NATURE OF EAST-WEST EXCHANGES

PARA 6, FIFTH THROUGH NINTH SENTENCES. MIGHT BE REVISED TO READ: "HER MANUFACTURED GOODS WOULD HAVE DIFFICULTY COMPETING IN WORLD MARKETS. RECENT IMPROVEMENTS IN SOVIET TERMS OF TRADE COULD NOT BE EXPECTED TO ENSURE FUTURE INCREASES IN HARD CURRENCY EARNINGS. THE BULK OF FUTURE INCREASES WOULD THEREFORE HAVE TO COME FROM PRIMARY PRODUCT EXPORTS, WHERE PROSPECTS FOR GROWTH WERE ALSO UNCERTAIN. THE EXPECTATIONS FOR CERTAIN DEVELOPMENTS, E.G. SOME OF THE SIBERIAN PROJECTS, SEEMED TO HAVE BEEN CLOUDED BY DIFFICULTIES IN OBTAINING NEEDED DEVELOPMENT CAPITAL FROM THE WEST."

EAST-WEST EXCHANGES AS A FACTOR IN DETENTE

PARA 8 : SUGGEST DELETION OF LAST SENTENCE.

PARA 10: SUGGEST DELETION OF LAST SENTENCE.

THE SOVIET UNION AND OTHER EASTERN EUROPEANS IN REGARD TO MULTILATERAL ECONOMIC STRUCTURES AND ORGANIZATIONS.

PARA 16. FIRST SENTENCE. MIGHT BE REVISED AS FOLLOWS: "CERTAIN BROAD POLITICAL CONSIDERATIONS WOULD ALSO WEIGH ON THE SOVIET DECISION TO JOIN MANY MULTILATERAL ECONOMIC ORGANIZATIONS."

PARA 17. FIRST SENTENCE. MIGHT BE REVISED AS FOLLOWS: "FOR ALL OF THE ABOVE REASONS, IT WAS UNCERTAIN
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 125002

WHETHER THE SOVIET UNION WOULD, IN THE NEAR FUTURE, SHOW STRONG INTEREST IN SEEKING GREATER PARTICIPATION IN MAJOR MULTILATERAL ORGANIZATIONS IN THE ECONOMIC AREA, AT LEAST IN THOSE OPERATING GLOBALLY."

PARA 21, THIRD SENTENCE FROM THE END: SUGGEST DELETION. -

I UNDERSTAND DIFFICULTIES YOU MAY ENCOUNTER IN INCLUDING ALL OF OUR COMMENTS. TO THE EXTENT THAT YOU CANNOT INCORPORATE OUR COMMENTS DIRECTLY, YOU MAY WISH TO CONSIDER THE OPTION OF QUALIFYING THEM WITH THE PHRASE "SOME BELIEVED THAT..." OR SIMILAR LANGUAGE. INGERSOLL

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